

United States Senate

WASHINGTON, DC 20510-3604

August 3, 2006

Honorable Henry Paulson, Jr.
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, D.C. 20220
Fax: (202) 622-6415

Dear Secretary Paulson,

As a U.S. Senator and physician, and as Chairman of the Senate Subcommittee on Federal Financial Management, Government Information, and International Security, I have become increasingly concerned about the health, social and economic impacts that malaria continues to have on sub-Saharan countries. In fact, since the Roll Back Malaria initiative was launched several years ago, malaria rates have risen by as much as 10 percent, and today, up to 500 million people contract acute malaria every year, and up to 2 million die – the vast majority of them in Africa.

As you know, the World Bank's International Development Association (IDA) is the principal multilateral channel for U.S. aid, and while the U.S. contribution to the IDA has been pledged at \$2.85 billion for fiscal years 2006 through 2008, Congress appropriated only the full amount in FY2006, and is currently considering the FY2007 IDA request of \$950 million. As you also know, the United States is still the largest shareholder in IDA with 13.98% percentage of votes as of June 1, 2005.

In April 2006, a team of prominent scientists and public health experts published a paper in *The Lancet* detailing many alarming failings of the World Bank's malaria control program. I am writing to express my disappointment with the Bank's malaria program in response to the specific issues raised in the *Lancet* piece, and with the hope of enlisting your support and help in a life-saving effort.

There are three principal problems: the World Bank has financed or recommended medically inappropriate strategies for malaria control, has failed to account for the money it spent on malaria over the past five years, and has failed overall to provide funding for malaria control that it has promised.

Over the past several years, malaria scientists, policy experts and activists have criticized both the World Health Organization (WHO) and the Global Fund to Fight AIDS, TB and Malaria (GFATM) for the procurement and provision of ineffective malaria treatments, and these failures to adopt proven prevention programs. Though these agencies resisted criticisms and reform at first, major changes have since taken place.

Notably, since October 2003, WHO policy has called for the use of artemisinin-based combination therapies (ACTs) as a first line treatment for *falciparum* malaria. Starting in 2004, GFATM made compliance with WHO policy a mandatory condition to receive its funding. Working aggressively, those agencies transitioned the national malaria treatment policy in over 30 countries to ACTs in less than 6 months.

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COMMITTEE ON INDIAN AFFAIRS

Yet, as the authors of the April 2006 *Lancet* study have shown, and by the Bank staff's own admission, the World Bank continued to ignore WHO policy, and as recently as last year, supplied chloroquine to countries such as India. The Bank has denied this to be the case, and has even accused the scientists and physicians writing in the *Lancet* of "technical incompetence."

The resulting controversy reflects poorly on the Bank. In a rebuttal published in the *Lancet*, three Vice Presidents of the Bank argued that chloroquine is medically appropriate in India, because it remains effective at treating the *vivax* species of malaria found there. What the Bank's Vice Presidents omitted is that fully half the malaria in India belongs to the more dangerous and deadly *falciparum* species, for which chloroquine is known to be a mostly ineffective treatment.

This style of debating is beneath the dignity of the World Bank and unworthy of an organization so dependent on the good will of American taxpayers. They deserve better. The Vice Presidents who wrote in the *Lancet* are not medically trained, and so it is surprising that they were permitted to publish an opinion on a medical question, especially as their opinion contradicts accepted WHO guidance. Their analysis and the effort made to brand the Bank's critics as "technically incompetent" seem to indicate that the Bank is more preoccupied with defending its record on malaria at any cost, rather than with supplying medically correct treatments to the children and pregnant women who are at extreme risk of this fatal disease.

A second example of the Bank's public health malpractice on malaria is its avoidance of insecticide residual spraying (IRS) using DDT. As you may know, DDT remains one of the most effective weapons against malaria as it is cheap, highly effective and safe for humans and the environment when used in the IRS technique of malaria control. WHO policy accordingly endorses the use of DDT for malaria control. Other donors, such as USAID and GFATM, currently fund IRS using DDT. Further, an international treaty (the Stockholm Convention) affirms that countries may produce and use DDT in this fashion.

Yet the World Bank has obstructed, and even expressly prohibited, countries from purchasing DDT with its funds, leading to the deterioration of once successful IRS programs. In Eritrea, the Bank has funded two malaria control projects (HAMSET and HAMSET II), both of which decline to finance that country's DDT needs. The Bank's own documents read that "DDT will be phased out," and require Eritrea to find methods of "substituting DDT residual house-spraying by chemicals or techniques that are safer to the environment and human health, as satisfactory to IDA."

I cannot agree that it is appropriate for the Bank to prescribe unproven medical and scientific strategies in this manner. The Bank is a financial institution, not a technical institution, and lacks the competence to make appropriate medical prescriptions. The Bank's ongoing support for chloroquine and opposition to DDT flagrantly contradicts WHO guidance. These errors have both cost human lives, and have caused American funds to be wasted on IDA-sponsored projects that because of faulty technical design are ineffective to control malaria.

The fact that other development finance agencies—notably USAID and GFATM—have, several years ahead of the Bank, come into line with WHO guidance against chloroquine and in favor of DDT demonstrates that the Bank consistently lags behind its peers.

The final problem is that the Bank is not transparent about its use of public money for malaria control. Following the criticism in the *Lancet*, the Bank agreed that it had failed to disburse an amount of money (\$300 – 500 million) that it promised to Africa for malaria control in 2000. Now, in an effort to remedy this omission, the Bank has promised another sum of money (\$500 million - \$1 billion) under its *Malaria Strategy & Booster Program*.

I am not satisfied that this new promise of funds is meaningful, or that the transparency exists in the Bank's processes to monitor it. It took the Bank six years to admit that it failed to uphold its funding promise made in 2000, and even that admission occurred only after the authors of the *Lancet* paper spent years pressuring the Bank and researching its misconduct. Almost no information is made available on IDA-funded malaria projects *until they have closed*—by which time it is too late to catch errors. The Bank's peers are far better at project transparency. GFATM for example discloses for each project the funding application, the grant agreement, progress reports, and a record of each cash disbursement as it is made. USAID is publishing malaria funding information on a publicly accessible website.

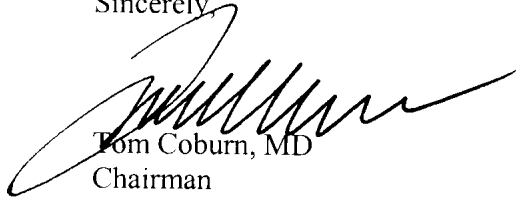
As you know, Americans contribute substantially to the Bank's capital. They have every right to expect both responsiveness and performance from the Bank if that funding is to continue, rather than being reallocated to more technically competent and accountable agencies such as GFATM and USAID instead. Given that fact, I hope you will provide answers to the following questions, with the goal of strategically working together to best leverage U.S. contributions and influence on the multilateral World Bank organization on behalf of reform.

- 1) Please describe the method Treasury employs to ensure that the World Bank appropriately uses U.S. contributions, the systems Treasury has in place to monitor U.S. contributions, and detail what regular reports and other means of transparency are required by Treasury of the Bank.
- 2) Please detail how Treasury has responded to the allegations that the World Bank malaria programs are engaging in medical malpractice and other improprieties with U.S. funds, and what efforts Treasury has made to rectify the problem.
- 3) Taking as a starting point the 1998 launch of the Roll Back Malaria Campaign by the Bank, what amount of financing, broken down by country and year, has the Bank committed and disbursed to malaria control since that date?
- 4) Broken down by country, what is the amount of Bank money that has been used to procure specific interventions such as medicines (specify which medicine), insecticide treated bednets, insecticidal sprays and application equipment, etc.?
- 5) What consultations have taken place between the Bank, the WHO and India with respect to the Bank's decision to finance and approve contracts for chloroquine there? Which companies fulfilled those contracts with Bank funds?

- 6) Given the support of other agencies for indoor residual spraying and DDT, including the United Nations, what has the Treasury done to dissuade the Bank from insisting that Eritrea phase out DDT and forbidding its funds to be used to procure DDT?
- 7) What standard operating procedures does Treasury have to monitor that the Bank's malaria control projects are scientifically correct and that they adhere to WHO technical guidance?
- 8) Looking to the future, and the goal of the Roll Back Malaria campaign to halve malaria deaths and cases by 2010, what performance indicators is Treasury using to measure progress of the Bank in reducing malaria mortality and morbidity, including baseline measure sand follow-up measures?

We have at our fingertips the ability to save millions of lives, and improve health and economic conditions by sparing countless people, especially women and children in underdeveloped regions of the world, the ravages of this killer disease. I look forward to cooperating with you towards achieving that goal, and I therefore request a response to this letter within 30 days. Should you require clarification or other communication concerning this request, please contact Katy French Katy French or Anna Shopen (202-224-2254) on my Subcommittee staff.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tom Coburn', with a large, stylized flourish extending from the end of the signature.

Tom Coburn, MD
Chairman

Subcommittee on Federal Financial Management,
Government Information, and International Security
Senate Homeland Security and governmental Affairs Committee